

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FEDERAL COMPLIANCE AUDIT REPORT

OF

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION

JOHNSON COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/07/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Debra E. Carter	07-01-21 to 06-30-23
	Jacob Heuchan	07-01-23 to 06-30-24
Superintendent of Schools	Dr. Timothy Edsell (Vacant)	07-01-21 to 06-30-23 07-01-23 to 08-13-23
	Mary Roberson (interim) (Vacant)	08-14-23 to 12-22-23 12-23-23 to 01-07-24
	Dr. Matthew Prusiecki (interim)	01-08-24 to 02-12-24
	Dr. Matthew Prusiecki	02-13-24 to 06-30-24
President of the School Board	Judy Misiniec	07-01-21 to 12-31-22
	Greg Waltz	01-01-23 to 12-31-23
	Thomas Burgett	01-01-24 to 12-31-24



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE NINEVEH-HENSLEY-JACKSON UNITED
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Nineveh-Hensley-Jackson United School Corporation (School Corporation), for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 27, 2024, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth Kelley, CPA, CFE
Deputy State Examiner

February 27, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Nineveh-Hensley-Jackson United School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2021 to June 30, 2023. The School Corporation's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2021 to June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement. We issued our report thereon dated February 27, 2024, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

February 27, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY22	\$ -	\$ 294,540	\$ -	\$ -
School Breakfast Program			FY23	-	-	-	210,010
Total - School Breakfast Program				-	294,540	-	210,010
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY22	-	932,231	-	-
National School Lunch Program			FY23	-	-	-	609,879
Commodities			FY22/FY23	-	97,058	-	70,723
SNP Emergency Funds			FY22	-	19,673	-	-
Supply Chain Assistance			FY23	-	-	-	106,070
Total - National School Lunch Program				-	1,048,962	-	786,672
Total - Child Nutrition Cluster				-	1,343,502	-	996,682
Pandemic EBT Administrative Costs							
Pandemic EBT	Indiana Department of Education	10.649					
Pandemic EBT			212IN120S9009	-	618	-	-
Pandemic EBT			222IN120S9009	-	-	-	628
Total - Pandemic EBT Administrative Costs				-	618	-	628
Total - Department of Agriculture				-	1,344,120	-	997,310
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
IDEA Part B			21611-031-PN01	-	82,912	-	-
IDEA Part B			22611-031-PN01	-	339,291	-	54,840
IDEA Part B			23611-031-PN01	-	-	-	288,737
Subtotal - Special Education Grants to State				-	422,203	-	343,577
COVID-19 - Special Education Grants to States	Indiana Department of Education	84.027X	22611-031-ARP	-	25,923	-	66,685
Total - Special Education Grants to State				-	448,126	-	410,262
Special Education Preschool Grants							
Special Ed Preschool	Indiana Department of Education	84.173					
Special Ed Preschool			21619-031-PN01	-	2,768	-	-
Special Ed Preschool			22619-031-PN01	-	8,294	-	1,865
Special Ed Preschool			23619-031-PN01	-	-	-	6,857
Subtotal - Special Education Preschool Grants				-	11,062	-	8,722
COVID-19 - Special Education Preschool Grants	Indiana Department of Education	84.173X	22619-031-ARP	-	-	-	4,804
Total - Special Education Preschool Grants				-	11,062	-	13,526
Total - Special Education Cluster (IDEA)				-	459,188	-	423,788

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I			S010A190014	-	135	-	-
Title I			S010A200014	-	44,606	-	-
Title I			S010A210014	-	114,828	-	50,942
Title I			S010A220014	-	-	-	115,441
Total - Title I Grants to Local Educational Agencies				-	159,569	-	166,383
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II			S367A200013	-	15,702	-	-
Title II			S367A210013	-	18,763	-	17,980
Title II			S367A220013	-	-	-	31,891
Total - Supporting Effective Instruction State Grants				-	34,465	-	49,871
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV			S424A210015	-	15,788	-	-
Title IV			S424A220015	-	-	-	13,712
Total - Student Support and Academic Enrichment Program				-	15,788	-	13,712
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
Explore Engage Experience (3E)		84.425U	7000S425U210013	-	-	-	68,007
Elementary and Secondary School Emergency Relief Fund I (ESSER I)		84.425D	S425D200013	-	26,668	-	3,347
Elementary and Secondary School Emergency Relief Fund II (ESSER II)		84.425D	S425D210013	-	623,358	-	2,212
Elementary and Secondary School Emergency Relief Fund III (ESSER III)		84.425U	S425U210013	-	695,375	-	458,832
Total - COVID-19 - Education Stabilization Fund				-	1,345,401	-	532,398
Total - Department of Education				-	2,014,411	-	1,186,152
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education						
Medical Admin Claiming FY22		93.778	2020-21	-	18,157	-	-
Medical Admin Claiming FY23		93.778	2021-2022	-	-	-	32,071
Medical Assistance Program	Indiana Family and Social Services Administration						
Medical IEP FY22		93.778	2020-21	-	49,271	-	-
Medical IEP FY23		93.778	2021-22	-	-	-	63,799
Total - Medical Assistance Program				-	67,428	-	95,870
Total - Medicaid Cluster				-	67,428	-	95,870
Total - Department of Health and Human Services				-	67,428	-	95,870
Department of Homeland Security							
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security						
Public Assistance FEMA COVID-19 Grant		97.036	FY2022	-	-	-	31,752
Total - Department of Homeland Security				-	-	-	31,752
Total federal awards expended				\$ -	\$ 3,425,959	\$ -	\$ 2,311,084

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2022 and 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Earlywood Educational Services

The School Corporation is a member of the Earlywood Educational Services (Cooperative). As a result, the activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is presented in the financial statement of the Cooperative's fiscal agent.

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.425	COVID-19 - Education Stabilization Fund Special Education Cluster (IDEA)	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-001

Subject: COVID-19 - Education Stabilization Fund - Equipment and Real Property Management
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013,
S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance. The School Corporation had not designed an internal control system and procedures to ensure all assets purchased with federal awards were added to the property records or capital asset listing and were appropriately safeguarded and maintained.

A property record or capital asset listing which would include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number (FAIN)), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, and use and condition of the property is to be maintained for assets purchased that exceed the School Corporation's capitalization threshold.

The School Corporation maintained and presented the equipment and real property records for the COVID-19 - Education Stabilization Fund grant equipment; however, the records failed to include a serial number or other identification number, the source of funding for the property (including the federal award identification number), who holds title, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, the use, and condition of the property.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.313(d) states in part:

"Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . .
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep property in good condition. . . ."

Cause

A proper system of internal controls was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, the property records for the assets acquired with COVID-19 - Education Stabilization Fund award dollars did not contain all the required elements.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure asset records include all the necessary information.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



Indian Creek Schools

802 South Indian Creek Drive | Trafalgar, IN
46181 317-878-2100 (p) | 317-878-2109 (f)
www.indiancreekschools.com

Summary Schedule of Prior Audit Findings

FINDING 2021-001

Fiscal year in which the finding initially occurred: FY2021

Current Audit period: FY2022, FY2023

Subject: Preparation of the Annual Financial Report

Summary of Finding: The AFR entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis (the financial statement). The AFR was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following error in the statement:

- 1) For the period of July 1, 2020 to June 30, 2021, receipts, disbursements, and other financing sources (uses) were understated by \$22,448,142, \$25,140,121, and \$657,764 respectively. The net impact on cash was an overstatement of \$2,034,215.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement to correct the issues noted above.

Status of finding: Resolved.

FINDING 2021-002

Fiscal year in which the finding initially occurred: FY2021

Current Audit period: FY2022, FY2023

Subject: Child Nutrition Cluster - Internal Controls

Summary of Finding: We noted for one claim in a sample of four, the Food Service Director prepared the reimbursement claim without a secondary, documented review to ensure the accuracy of the reimbursement claim.

Status of finding: Resolved.



FINDING 2021-003

Fiscal year in which the finding initially occurred: FY2021

Current Audit period: FY2022, FY2023

Subject: Special Education Cluster - Procurement

Summary of Finding: The School Corporation is a member of the Earlywood Educational Services Cooperative (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation and managed the special education grant funds. Because the grant agreements were between the Indiana Department of Education and the School Corporation, the School Corporation is ultimately responsible for compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement. The School Corporation did not have adequate procedures in place to ensure that the Cooperative complied with the procurement requirements. The Cooperative did not have adequate procedures in place to ensure that micro purchases were equitable distributed among qualified suppliers or to ensure that price or rate quotations were obtained from an adequate number of qualified sources for small purchases. The lack of internal controls was isolated to fiscal year 2019-2020. Supporting documentation was not kept that could support that the required procedure for small purchases was being followed.

Status of finding: Resolved.

THE CREEK

INDIAN CREEK SCHOOLS

Nineveh-Hensley-Jackson United School Corporation

802 South Indian Creek Drive | Trafalgar, IN 46181

317-878-2100 (p) | 317-878-2109 (f) | www.indiancreekschools.com

CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: COVID-19 – Education Stabilization Fund – Equipment and Real Property Management

Summary of Finding: An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Equipment and Real Property Management.

The School Corporation presented the equipment and real property records for the ESF grant equipment; however, the records failed to include a description (including serial number or other identification number), source of funding for the property (including the federal award identification number), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, location, use, and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property (2 CFR 200.313(d)(1)).

Contact Person Responsible for Corrective Action: Jacob Heuchan

Contact Phone Number and Email Address: (317)-878-2100; jheuchan@nhj.k12.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan: The Business Manager will work with the Technology Director and the respective departments to ensure the appropriate information is being entered into the Corporation's equipment and real property records for items purchased through ESF/federal funds. A physical inventory of the property will be taken and the results reconciled with the property records at least once every two years.

Anticipated Completion Date: Immediate.

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.